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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER	
ROSEN, NICHOLAS D	
ART UNIT	**PAPER NUMBER**
3625	

DATE MAILED: 11/18/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Offic Action Summary	Application No.	Applicant(s)	
	09/785,254	GRAFF, RICHARD. A.	
	Examin r	Art Unit	
	Nicholas D. Rosen	3625	

-- Th MAILING DATE of this communication app ars on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *11 August 2003* .

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-185* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☒ Claim(s) *20-25,38-43,145,184 and 185* is/are allowed.

6)☒ Claim(s) *1-3,5-12,14-19,27,29-37,44-58,60-67,69-72,90-105,108-117 and 120-125* is/are rejected.

7)☒ Claim(s) *4,13,26,28,59,68,73-89,106,107,118,119,126-144 and 146-183* is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☒ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on *16 February 2001* is/are: a)☒ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11)☐ The proposed drawing correction filed on _____ is: a)☐ approved b)☐ disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.

12)☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

13)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____ .

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

14)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).

a) ☐ The translation of the foreign language provisional application has been received.

15)☒ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ .
4) ☐ Interview Summary (PTO-413) Paper No(s). _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: .

Claims 1-185 have been examined.

Specification

The lengthy specification has not been checked to the extent necessary to determine the presence of all possible minor errors. Applicant's cooperation is requested in correcting any errors of which applicant may become aware in the specification.

The substitute specification pages submitted by applicant in the amendment of August 11, 2003 (paper #8), do not appear to correspond to consist of corrected pages corresponding to the same numbered pages in either the original specification or the substitute specification of May 29, 2001 (paper #3). Furthermore, the instructions for corrections to the specification given in the amendment of August 11, 2003, do not seem capable of entry, as the instructions do not correspond to what appears in the relevant pages of the specification. **Examiner and applicant appear to be working from different versions of the specification.** Appropriate correction is required.

Claim Objections

Claim 26 objected to because of the following informalities: The word "are" between "wherein" and "each said respective entity" is ungrammatical, and should be deleted. Appropriate correction is required.

Response to Challenges of Official Notice

In rejecting claims 1, 20, 27, 35, 44, 47, and 50, official notice was taken that it is well known for data processing systems to be digital electrical computers, and for such computers to be electrically connected to input and output devices (e.g., keyboards and display screens). The first assertion, that it is well known for data processing systems to be digital electrical computers, is supported by Mims ("Analog Computer Techniques for Digital Computers") (see paragraph beginning "It's well-known that digital computer circuits . . ."), and by the article "Research on an Optical-Digital Computer That Would Use Light Beams and Optical Pathways to Replace Electrical Signals and Wires Is Being Performed by S.A. Collins Jr, Prof of Electrical Engineering at Ohio State U.," both of which teach the well known, standard methods of computing in the course of disclosing a possible alternative or replacement. The assertion that it is well known for computers to be electrically connected to input devices is supported by Romberg (U.S. Patent 5,166,669) (column 1, lines 13-15; column 9, lines 5-13), and by Griffin (U.S. Patent 5,161,102) (column 1, lines 44-50). The assertion that it is well known for computers to be electrically connected to output devices is supported by Griffin (U.S. Patent 5,161,102) (column 1, lines 44-50).

In rejecting claims 4, 13, and 28, official notice was taken that limited liability is well known. This assertion is supported by Ware ("Advanced Underwriting Techniques: Incorporation of the Family Business"), and by Black's Law Dictionary (definition of limited partnership, page 478).

In rejecting claims 5, 14, 21, and 29, official notice was taken that limited liability interests are well known. This assertion is supported by Ware ("Advanced Underwriting Techniques: Incorporation of the Family Business"), and by Black's Law Dictionary (definition of limited partnership, page 478).

In rejecting claims 3, 6, 10, 12, 15, 19, 22, 24, 30, and 32, official notice was taken that special purpose entities are well known. This assertion is supported by Epstein ("Measuring the Security of Asset-Backed Securities"), by Fraust ("SEC Plan Could Negate Receivable Sellers: Threat of Accounting Rules Scares off Securities Issuers"), and by the anonymous article, "Treatment on Servicing Sales Depends on Circumstances."

In rejecting claims 7, 16, 25, and 33, official notice was taken that trusts and limited partnerships are well known. This assertion is supported by Black's Law Dictionary (definition of trust, pages 782-788; definition of limited partnership, page 478), as well as Kurlowicz et al. ("New Ground Rules for Trust Freezes").

In rejecting claim 11, official notice was taken that it is well known for entities to have limited liability interests. This assertion is supported by Ware ("Advanced Underwriting Techniques: Incorporation of the Family Business"), and by Black's Law Dictionary (definition of limited partnership, page 478).

In rejecting claims 20, 27, 36, 45, 48, and 51, official notice was taken that fractional interests are well known. This assertion is supported by Bavaria ("Manny Hanny Places 'AA' Saab Paper with Bank Group"), and by Moore ("New Developments Keep Estate Planners on Their Toes").

In rejecting claim 35, official notice was taken that it is well known to use deeds to establish ownership, legal contracts, etc. This assertion is supported by Black's Law Dictionary (definitions of deed, pages 215-216, and title documents, page 773).

In rejecting claims 44 and 47, official notice was taken that it is well known for bonds issued by municipalities and other state and local governments to be in many cases exempt from federal income tax, while U.S. Treasury bonds are generally exempt from state income tax. Walters ("California Tax Board Decides not to Appeal to Supreme Court on Taxing Dividends") discloses that Treasury securities are often exempt from state taxes. Sharp ("Advising Clients on Municipal Bonds") discloses that municipal bonds are in many cases exempt from federal income tax.

In rejecting claims 90, 91, 92, 94, and 100, official notice was taken that it is well known for data processing systems to be digital electrical computers, and for such computers to be electrically connected to input devices (e.g., keyboards) and output devices where documents can be generated (e.g., printers). This assertion is supported by Romberg (U.S. Patent 5,166,669) (column 1, lines 13-15; column 9, lines 5-13), and by Griffin (U.S. Patent 5,161,102) (column 1, lines 44-50).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-3, 5-12, 14-19, 56-58, 60-67, and 69-72

Claims 1, 5, 6, 7, 14, 15, and 16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") and official notice. As per claim 1, Roberts discloses a data processing system programmed to change input representing property to produce output representing separate market-based valuations of each of a plurality of components temporally decomposed from the property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the apparatus includes an input device for converting input data into input signals representing the input data, and an output device to convert modified digital electrical signals into a documentation including the respective values of the components. However, official notice is taken that it is well known for data processing systems to be computers, and for such computers to be electrically connected to input and output devices for converting data into signals and signals into documentation (e.g., keyboards, display screens, and printers). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output means, for the obvious advantage of carrying out the valuation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate

for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

As per claim 5, Roberts discloses that there is an "entity for" at least one of the components (in the sense that the bond-issuing corporation, municipality, etc., and the bondholder are entities for the components; see column 1, lines 23-48), but does not expressly disclose that at least one equity interest in the entity is a limited liability interest. However, official notice is taken that limited liability interests are well known (e.g., corporations, which Roberts mentions, generally have limited liability for equity interests). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for at least one equity interest in the entity to be a limited liability interest, as set forth with regard to claim 4 above.

As per claim 6, Roberts does not disclose that the entity is a special purpose entity, but official notice is taken that special purpose entities are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be a special purpose entity, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a special purpose entity, a common type of entity.

As per claim 7, Roberts discloses that there is an "entity for" at least one component (in the sense that the bond-issuing corporation, municipality, etc., and the

bondholder are entities for the components; see column 1, lines 23-48), but does not expressly disclose that at least one of the valuations reflects that the entity is from a group consisting of a trust and a limited partnership. However, official notice is taken that trusts and limited partnerships are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for at least one of the entities to be from a group consisting of a trust and a limited partnership, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a trust or a limited partnership, common types of entities which people are motivated to set up for tax advantages, avoiding probate, etc.

As per claim 14, Roberts discloses that there is an "entity for" a second of the components (in the sense that the bond-issuing corporation, municipality, etc., and the bondholder are entities for the various components; see column 1, lines 23-48), but does not expressly disclose that at least one equity interest in the second entity is a limited liability interest. However, official notice is taken that limited liability interests are well known (e.g., corporations, which Roberts mentions, generally have limited liability for equity interests). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for at least one equity interest in the second entity to be a limited liability interest, as set forth with regard to claim 4 above.

As per claim 15, Roberts does not disclose that both of the entities are special purpose entities, but official notice is taken that special purpose entities are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for both of the entities to be special purpose entities, for the

obvious advantage of carrying out temporal decomposition in the case of the entities being special purpose entities, a common type of entity.

As per claim 16, Roberts discloses that there is an "entity for" a second of the components (in the sense that the bond-issuing corporation, municipality, etc., and the bondholder are entities for the various components; see column 1, lines 23-48), but does not disclose that the second entity is from a group consisting of a trust and a limited partnership. However, official notice is taken that trusts and limited partnerships are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the second entity to be from a group consisting of a trust and a limited partnership, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a trust or a limited partnership, common types of entities which people are motivated to set up for tax advantages, avoiding probate, etc.

Claims 2, 3, 11, and 12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts, Graff, and official notice as applied to claim 1 above, and further in view of Kurlowicz et al. ("New Ground Rules for Trust Freezes") and the anonymous article, "Report of the House-Senate Conference Agreement on the Tax Reform Bill." As per claim 2, Roberts discloses that there is an "entity for" at least one of the components (in the sense that the bond-issuing corporation, municipality, etc., and the bondholder are entities for the components; see column 1, lines 23-48), but does not disclose the entity is from a group consisting of a pass-through entity for

United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out temporal decomposition in the case of the entity being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

As per claim 3, Roberts does not disclose that the entity is a special purpose entity, but official notice is taken that special purpose entities are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be a special purpose entity, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a special purpose entity, a common type of entity.

As per claim 11, Roberts discloses that there is an "entity for" a second of the components (in the sense that the bond-issuing corporation, municipality, etc., and the bondholder are entities for the various components; see column 1, lines 23-48). Roberts does not disclose that the second entity is from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the second entity to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out temporal decomposition in the case of the second entity being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

Roberts does not expressly disclose that at least one of the entities is an entity with at least one limited liability equity interest, but official notice is taken that it is well known for entities to have limited liability equity interests (e.g., corporations, which

Roberts mentions, generally have limited liability for equity interests). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for at least one equity interest in the entity to be a limited liability interest, as set forth with regard to claim 4 above.

As per claim 12, Roberts does not disclose that the entity and the second entity are special purpose entities, but official notice is taken that special purpose entities are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity and second entity to be special purpose entities, for the obvious advantage of carrying out temporal decomposition in the case of an entity and special entity being special purpose entities, a common type of entity.

Claims 9 and 10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts, Graff, and official notice as applied to claim 5 above, and further in view of Kurlowicz et al. ("New Ground Rules for Trust Freezes") and the anonymous article, "Report of the House-Senate Conference Agreement on the Tax Reform Bill." As per claim 9, Roberts does not disclose that the entity is from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax

Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out temporal decomposition in the case of the entity being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

As per claim 10, Roberts does not disclose that the entity is a special purpose entity, but official notice is taken that special purpose entities are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be a special purpose entity, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a special purpose entity, a common type of entity.

Claim 8 is rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts, Graff, and official notice as applied to claim 7 above, and further in view of Kurlowicz et al. ("New Ground Rules for Trust Freezes"). Roberts does not disclose that the entity is a grantor trust, but Kurlowicz teaches grantor trusts (see paragraph beginning "The GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been

obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be a grantor trust, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Claim 17 is rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts, Graff, and official notice as applied to claim 16 above, and further in view of Kurlowicz et al. ("New Ground Rules for Grantor Trusts"). Roberts does not disclose that both the entities are grantor trusts, but Kurlowicz teaches grantor trusts (see paragraph beginning "The GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entities to be grantor trusts, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Claims 18 and 19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts, Graff, and official notice as applied to claim 14 above, and further in view of Kurlowicz et al. ("New Ground Rules for Trust Freezes") and the anonymous article, "Report of the House-Senate Conference Agreement on the Tax Reform Bill." As per claim 18, Roberts does not disclose that both of the entities are from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are

both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for both of the entities to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out temporal decomposition in the case of the entities being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

As per claim 19, Roberts does not disclose that both of the entities are special purpose entities, but official notice is taken that special purpose entities are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be a special purpose entity, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a special purpose entity, a common type of entity.

Claims 56-58, 60-67, and 69-72 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts in view of Graff and official notice as applied to claims 1-3, 5-12, 14, 15, 18, and 19 above, respectively, and further in view of Kurlowicz as applied to

claims 2-3, 8-12, and 17-19, and also "Report of the House-Senate Conference Agreement" as applied to claims 2-3, 9-12, and 18-19. Roberts does not disclose that the property is real estate, but Graff teaches this (see entire article). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the property to be real estate, for the advantages, as stated in Graff, of separating real estate into different components advantageous to persons with different investment objectives and tax situations.

Claims 27 and 29-34

Claims 27, 29, 30 and 33 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") and official notice. As per claim 27, Roberts discloses a processor programmed to change input representing property to produce output representing a market-based valuation, including taxation, of one of at least two components temporally decomposed from the property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the computer apparatus includes an input device for converting input data into input signals representing the input data, and an output device to convert modified signals into an illustration including the respective values of the components. However, official notice is taken that it is well known for such computers to be electrically connected to input and output devices (e.g., keyboards and display screens). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output

means, for the obvious advantage of carrying out the valuation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest, wherein the estate for years interest can be viewed as including an ownership interest in the property (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an estate for years interest and a remainder interest, the estate for years interest including an ownership interest in the property, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not disclose valuing a fractional interest in one of the least two components of property. However, official notice is taken that fractional interests are well known; e.g., shares of corporate stock are fractional interests in corporations; there are also fractional interests in non-incorporated partnerships. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to apply Roberts's invention to a fractional interest in a component, for the obvious advantage of pricing and trading interests smaller and more conveniently purchasable than the whole value of the estate for years interest or remainder interest in a temporally decomposed property.

As per claim 29, Roberts does not expressly disclose that there is a respective entity for each of the at least two components, but Graff teaches the components temporally decomposed from property becoming owned by two respective entities (pages 54-58). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for there to be a respective entity for each of the at least two components, for the stated advantage that the respective components are likely to be preferred by entities with different investment goals and tax issues.

Graff does not expressly teach that at least one equity interest in each of the entities is a limited liability interest. However, official notice is taken that limited liability interests are well known (e.g., corporations, which Roberts mentions, generally have limited liability for equity interests). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for at least one equity interest in the entity to be a limited liability interest, for the obvious advantage of enabling people to invest in the entity without putting all of their own property at risk.

As per claim 30, Roberts does not disclose that each of the entities is a special purpose entity, but official notice is taken that special purpose entities are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for each of the entities to be a special purpose entity, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a special purpose entity, a common type of entity.

As per claim 33, Roberts does not expressly disclose that each of the entities is from a group consisting of a trust and a limited partnership. However, official notice is

taken that trusts and limited partnerships are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the each of the entities to be from a group consisting of a trust and a limited partnership, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a trust or a limited partnership, common types of entities which people are motivated to set up for tax advantages, avoiding probate, etc.

Claims 31 and 32 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts, Graff, and official notice as applied to claim 29 above, and further in view of Kurlowicz et al. ("New Ground Rules for Trust Freezes") and the anonymous article "Report of the House-Senate Conference Agreement on the Tax Reform Bill." As per claim 31, Roberts does not disclose that each of the entities is from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for each of the entities to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity

that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out temporal decomposition in the case of the entities being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

As per claim 32, Roberts does not disclose that each of the entities is a special purpose entity, but official notice is taken that special purpose entities are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for each of the entities to be a special purpose entity, for the obvious advantage of carrying out temporal decomposition in the case of an entity being a special purpose entity, a common type of entity.

Claim 34 is rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts, Graff, and official notice as applied to claim 33 above, and further in view of Kurlowicz et al. ("New Ground Rules for Trust Freezes"). Roberts does not disclose that each of the entities is a grantor trusts, but Kurlowicz teaches grantor trusts (see paragraph beginning "The GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for each of the entities to be a grantor trust, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Claims 35-37

Claims 35-37 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") and official notice. As per claim 35, Roberts discloses a processor programmed to change input representing property to produce output representing a market-based valuation of one of at least two components temporally decomposed from the property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the computer apparatus includes an input device for converting input data into input signals representing the input data, and an output device to convert modified signals into an illustration including the respective values of the components. However, official notice is taken that it is well known for computers to be connected to input and output devices (e.g., keyboards and display screens). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output means, for the obvious advantage of carrying out the valuation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an

estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Neither Roberts nor Graff expressly discloses that the valuation reflects that there is a deed to the estate for years interest and a second deed to the remainder interest, but official notice is taken that it is well known to use deeds to establish ownership, legal contracts, etc. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the valuation to reflect deeds to the component interests, for the obvious advantage of establishing ownership, and the terms thereof, of the component interests; and to accurately estimate the valuation consequent on such establishment.

As per claim 36, Roberts does not expressly disclose that the equity interest is a fractional interest, but official notice is taken that fractional interests are well known; e.g., shares of corporate stock are fractional interests in corporations; there are also fractional interests in non-incorporated partnerships. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to apply Roberts's invention to a fractional interest in a component, for the obvious advantage of pricing and trading interests smaller and more conveniently purchasable than the whole value of the estate for years interest or remainder interest in a temporally decomposed property.

As per claim 37, Roberts does not expressly disclose that the equity interest includes all equity interest in one of the components, but Graff teaches each component becoming entirely owned by one entity (pages 54-58). Hence, it would have been

obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the equity interest to include all equity interest in one of the components, for the obvious advantage of saving the trouble of dividing equity interests when one entity finds it desirable to own all equity interest in a component.

Claims 44-46

Claims 44-46 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") and official notice. As per claim 44, Roberts discloses a processor programmed to change input representing property to produce output representing a market-based valuation of an interest in one of at least two components temporally decomposed from the property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the processor is part of a computer apparatus including an input device for converting input data into input digital electrical signals representing the input data, and an output device to convert modified signals into an illustration including the respective values of an equity interest. However, official notice is taken that it is well known for data processing systems to be computers, and for such computers to be connected to input and output devices (e.g., keyboards and display screens). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output means, for the obvious advantage of carrying out the valuation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not expressly disclose that the property is from a group consisting of a tax-exempt security and a portfolio of tax exempt securities, but Roberts discloses bonds issued by municipalities, government agencies, and governments at all levels (column 1, lines 23-28), and official notice is taken that it is well known for bonds issued by municipalities and other state and local governments to be in many cases exempt from federal income tax, while U.S. Treasury bonds are generally exempt from state income tax. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to apply Roberts's method to property from a group consisting of a tax-exempt security and a portfolio of tax exempt securities, for the obvious advantage of applying the method of restructuring debt obligations to a very common type of debt obligation.

As per claim 45, Roberts does not expressly disclose that the equity interest is a fractional interest, but official notice is taken that fractional interests are well known;

e.g., shares of corporate stock are fractional equity interests in corporations; there are also fractional equity interests in non-incorporated partnerships. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to apply Roberts's invention to a fractional interest in a component, for the obvious advantage of pricing and trading interests smaller and more conveniently purchasable than the whole value of the estate for years interest or remainder interest in a temporally decomposed property.

As per claim 46, Roberts does not expressly disclose that the equity interest includes all equity interest in one of the components, but Graff teaches each component becoming entirely owned by one entity (pages 54-58). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the equity interest to include all equity interest in one of the components, for the obvious advantage of saving the trouble of dividing equity interests when one entity finds it desirable to own all equity interest in a component.

Claims 47-49

Claims 47-49 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") and official notice. As per claim 47, Roberts discloses a processor programmed to change input representing property to produce output representing a market-based valuation of the equity interest in one of at least two components temporally decomposed from the property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the processor is part of a

computer apparatus including an input device for converting input data into input signals representing the input data, and an output device to convert modified signals into an illustration including the respective values of the equity interest. However, official notice is taken that it is well known for data processing systems to be computers, and for such computers to be electrically connected to input and output devices (e.g., keyboards and display screens). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer electrically connected to appropriate input and output means, for the obvious advantage of carrying out the valuation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include a term interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-term interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-term interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include a term interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not expressly disclose that the property is from a group consisting of a taxable fixed income security, a portfolio of taxable fixed-income securities, a portfolio of taxable and tax-exempt fixed income securities, as asset that is ratable as if it were a fixed-income security, and a portfolio of assets that is ratable as if it were a fixed income security, but Roberts discloses bonds issued by municipalities,

government agencies, and governments at all levels (column 1, lines 23-28), and official notice is taken that it is well known for bonds issued by municipalities and other state and local governments to be in many cases exempt from federal income tax, while U.S. Treasury bonds are generally exempt from state income tax. Roberts likewise discloses bonds issued by corporations (column 1, lines 23-28), which are normally not tax-exempt. Moreover, Graff teaches assets ratable as if they were fixed income securities. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to apply Roberts's method to property from a group consisting of a taxable fixed income security, a portfolio of taxable fixed-income securities, a portfolio of taxable and tax-exempt fixed income securities, as asset that is ratable as if it were a fixed-income security, and a portfolio of assets that is ratable as if it were a fixed income security, for the obvious advantage of applying the method of restructuring debt obligations to common types of debt obligation.

As per claim 48, Roberts does not expressly disclose that the equity interest is a fractional interest, but official notice is taken that fractional equity interests are well known; e.g., shares of corporate stock are fractional equity interests in corporations; there are also fractional equity interests in non-incorporated partnerships. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to apply Roberts's invention to a fractional equity interest in a component, for the obvious advantage of pricing and trading interests smaller and more conveniently purchasable than the whole value of the estate for years interest or remainder interest in a temporally decomposed property.

As per claim 49, Roberts does not expressly disclose that the equity interest includes all equity interest in one of the components, but Graff teaches each component becoming entirely owned by one entity (pages 54-58). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the equity interest to include all equity interest in one of the components, for the obvious advantage of saving the trouble of dividing equity interests when one entity finds it desirable to own all equity interest in a component.

Claims 50-55

Claims 50-55 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") and official notice. As per claim 50, Roberts discloses a processor programmed to change input representing property to produce output representing a market-based valuation of the equity interest in one of at least two components temporally decomposed from the property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the processor is part of a computer apparatus including an input device for converting input data into input signals representing the input data, and an output device to convert modified signals into an illustration including the respective values of the components. However, official notice is taken that it is well known for data processing systems to be computers electrically connected to input and output devices (e.g., keyboards and display screens). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a digital electrical computer

electrically connected to appropriate input and output means, for the obvious advantage of carrying out the valuation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different equity interests.

Roberts does not disclose that the property does not include any securities; however, it is well known to value properties which are not securities by the usual meaning of the term, and Graff, in particular, teaches applying financial analysis to real estate related assets (see especially pages 51 and 52). Hence, it would have been obvious to one of ordinary skill in the art of finance to apply the method of Robert to property not including any securities, for the obvious advantage of restructuring such property to reduce expenses.

As per claim 51, Roberts does not expressly disclose that the equity interest is a fractional interest, but official notice is taken that fractional equity interests are well known; e.g., shares of corporate stock are fractional equity interests in corporations; there are also fractional equity interests in non-incorporated partnerships. Hence, it

would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to apply Roberts's invention to a fractional interest in a component, for the obvious advantage of pricing and trading interests smaller and more conveniently purchasable than the whole value of the estate for years interest or remainder interest in a temporally decomposed property.

As per claim 52, Roberts does not expressly disclose that the equity interest includes all equity interest in one of the components, but Graff teaches each component becoming entirely owned by one entity (pages 54-58). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the equity interest to include all equity interest in one of the components, for the obvious advantage of saving the trouble of dividing equity interests when one entity finds it desirable to own all equity interest in a component.

As per claim 53, title is inherent to ownership (note definition 2a from the Merriam-Webster Collegiate Dictionary).

Claims 54 and 55 are parallel to claims 51 and 52, respectively, and rejected on the same grounds.

Claims 90 and 95

Claims 90 and 95 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), Kurlowicz et al. ("New Ground Rules for Trust Freezes") the anonymous article "Report of the House-Senate Conference Agreement on the Tax Reform Bill," Pease (U.S. Patent 5,326,104), and official notice.

As per claim 90, Roberts discloses computing to produce output signals to change input representing property to produce output representing components temporally decomposed from the property, including the effect of taxes (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the processor is part of a computer apparatus including an input device for converting input data into input signals representing the input data, and an output device connected to the digital electrical computer where documentation can be generated. However, official notice is taken that it is well known for data processing systems to be digital electrical computers, and for such computers to be connected to input devices (e.g., keyboards) and output devices where documentation can be generated (e.g., printers). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output means, for the obvious advantage of producing the documentation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an

estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not disclose that there is a special purpose entity for the estate for years interest and another special purpose entity for the remainder interest, wherein the special purpose entities are from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entities to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out valuation of a tax in the case of the entities being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

Roberts does not expressly disclose generating documentation including the tax, although Roberts does, as noted, disclose calculating tax liability (column 3, lines 40-

58). However, Pease teaches the automatic generation of tax documents (Abstract). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to generate a document including the tax at an output device, for the obvious advantage of providing legally necessary documentation to income recipients, the IRS, etc., and of enabling present or potential investors to determine their actual or potential tax liabilities, an important factor in judging whether to participate in a financial arrangement.

As per claim 95, Roberts does not disclose that the special purpose entities are grantor trusts, but Kurlowicz teaches grantor trusts (see paragraph beginning "The GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the special purpose entities to be grantor trusts, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Claims 91 and 96

Claims 91 and 96 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), Kurlowicz et al. ("New Ground Rules for Trust Freezes") the anonymous article "Report of the House-Senate Conference Agreement on the Tax Reform Bill," Luchs et al. (U.S. Patent 4,831,526), and official notice. As per claim 91, Roberts discloses computing to produce output signals to change input representing property to produce output representing components temporally decomposed from the property, (column 3, line 40, through column 4, line 4).

Roberts does not expressly disclose that the processor is part of a computer apparatus including an input device for converting input data into input signals representing the input data, and an output device connected to the digital electrical computer where documentation can be generated. However, official notice is taken that it is well known for data processing systems to be computers connected to input devices (e.g., keyboards) and output devices where documentation can be generated (e.g., printers). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a digital electrical computer electrically connected to appropriate input and output means, for the obvious advantage of producing the documentation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not disclose that there is a special purpose entity for the estate for years interest and another special purpose entity for the remainder interest, wherein the special purpose entities are from a group consisting of a pass-through entity for United

States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entities to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out valuation of a tax in the case of the entities being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

Roberts does not disclose valuation of an insurance premium for insurance on at least one of the temporally decomposed components, or generating documentation including the insurance premium, but Luchs teaches insuring property (column 4, lines 11-15), valuation of an insurance premium (column 24, lines 17-28), and producing a document including the insurance premium (Abstract; column 3, line 66, through column 4, line 25). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to value an insurance premium on at least

one component, and produce documentation including the insurance premium, for the obvious advantage of protecting investors from damage or default catastrophically reducing the value of the at least one component, and profiting from underwriting insurance.

As per claim 96, Roberts does not disclose that the special purpose entities are grantor trusts, but Kurlowicz teaches grantor trusts (see paragraph beginning "The GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the special purpose entities to be grantor trusts, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Claims 92, 93, 97, and 98

Claims 92, 93, 97, and 98 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), Kurlowicz et al. ("New Ground Rules for Trust Freezes") the anonymous article "Report of the House-Senate Conference Agreement on the Tax Reform Bill," Luchs et al. (U.S. Patent 4,831,526), Peet et al. ("Briefing"), and official notice. As per claim 92, Roberts discloses computing to process signals to change input representing property to produce output representing components temporally decomposed from the property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the processor is part of a computer apparatus including an input device for converting input data into input signals

representing the input data, and an output device connected to the digital electrical computer where documents can be produced. However, official notice is taken that it is well known for data processing systems to be computers connected to input devices (e.g., keyboards) and output devices where documents can be produced (e.g., printers). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output means, for the obvious advantage of producing the documentation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not disclose that there is a special purpose entity for the estate for years interest and another special purpose entity for the remainder interest, wherein the special purpose entities are from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However,

Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entities to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out valuation of a tax in the case of the entities being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

Roberts does not disclose providing wrap insurance for the equity interest in the component, but Peet discloses that providing wrap insurance is well known (see paragraph beginning "The credit enhancement cost", and also the preceding paragraph in Peet). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to provide wrap insurance for the equity interest, for the stated advantage of allowing investors to evaluate the security without concerning themselves with the creditworthiness of the unfamiliar collateral.

Roberts does not expressly disclose producing wrap insurance documentation including the insurance premium, but Luchs teaches generating insurance

documentation (Abstract; column 3, line 66, through column 4, line 25). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to value an insurance premium on at least one component, and produce a document including the wrap insurance premium, for the obvious advantage of protecting investors from damage or default catastrophically reducing the value of the at least one component, and profiting from underwriting insurance.

As per claim 93, Peet teaches that the wrap insurance is credit wrap insurance which enhances credit (see paragraph beginning "The credit enhancement cost", and also the preceding paragraph in Peet); therefore papers documenting wrap insurance are credit enhancing wrap insurance documentation. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to provide credit wrap insurance for the equity interest, the wrap insurance documentation including credit enhancing wrap insurance documentation, for the stated advantage of allowing investors to evaluate the security without concerning themselves with the creditworthiness of the unfamiliar collateral.

As per claims 97 and 98, Roberts does not disclose that the special purpose entities are grantor trusts, but Kurlowicz teaches grantor trusts (see paragraph beginning "The GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the special purpose entities to be grantor trusts, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Claims 94 and 99

Claims 94 and 99 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), Kurlowicz et al. ("New Ground Rules for Trust Freezes") the anonymous article "Report of the House-Senate Conference Agreement on the Tax Reform Bill," Pease (U.S. Patent 5,326,104), and official notice.

As per claim 94, Roberts discloses computing to produce output signals to change input representing property to produce output representing components temporally decomposed from the property, including the effect of taxes (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the processor is part of a computer apparatus including an input device for converting input data into input signals representing the input data, and an output device connected to the computer where documents can be generated. However, official notice is taken that it is well known for data processing systems to be computers to be connected to input devices (e.g., keyboards) and output devices where documents can be generated (e.g., printers). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output means, for the obvious advantage of producing the documentation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate

for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not disclose that there is a special purpose entity for the estate for years interest and another special purpose entity for the remainder interest, wherein the special purpose entities are from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entities to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out valuation of a tax in the case of the entities being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United

States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

Roberts does not expressly disclose generating documentation including the tax, although Roberts does, as noted, disclose calculating tax liability (column 3, lines 40-58). However, Pease teaches the automatic generation of tax documents (Abstract). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to generate a document including the tax at an output device, for the obvious advantage of providing legally necessary documentation to income recipients, the IRS, etc., and of enabling present or potential investors to determine their actual or potential tax liabilities, an important factor in judging whether to participate in a financial arrangement.

As per claim 99, Roberts does not disclose that the special purpose entities are grantor trusts, but Kurlowicz teaches grantor trusts (see paragraph beginning "The GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the special purpose entities to be grantor trusts, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Claims 100-105, 108-117, and 120-123

Claims 100-105, 108-117, and 120-123 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), Kurlowicz et al. ("New Ground Rules for Trust Freezes") the anonymous article "Report of the House-Senate

Conference Agreement on the Tax Reform Bill," Luchs et al. (U.S. Patent 4,831,526), Peet et al. ("Briefing"), and official notice. As per claim 100, Roberts discloses computing to process signals to change input representing property to produce output representing components temporally decomposed from the property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the processor is part of a computer apparatus including an input device for converting input data into input signals representing the input data, and an output device connected to the digital electrical computer where documents can be produced. However, official notice is taken that it is well known for data processing systems to be computers connected to input devices (e.g., keyboards) and output devices where documents can be produced (e.g., printers). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output means, for the obvious advantage of producing the documentation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an

estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not disclose that the property does not include any securities; however, it is well known to value properties which are not securities by the usual meaning of the term, and Graff, in particular, teaches applying financial analysis to real estate related assets (see especially pages 51 and 52). Hence, it would have been obvious to one of ordinary skill in the art of finance to apply the method of Robert to property not including any securities, for the obvious advantage of restructuring such property to reduce expenses.

Roberts does not disclose that there is a special purpose entity for at least one component, wherein the special purpose entity is are from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."), and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious

advantage of carrying out valuation of a tax in the case of the entities being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

Roberts does not disclose providing wrap insurance for the equity interest in the component, but Peet discloses that providing wrap insurance is well known (see paragraph beginning "The credit enhancement cost", and also the preceding paragraph in Peet). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to provide wrap insurance for the equity interest, for the stated advantage of allowing investors to evaluate the security without concerning themselves with the creditworthiness of the unfamiliar collateral.

Roberts does not expressly disclose generating documentation including the insurance premium, but Luchs teaches generating insurance documentation (Abstract; column 3, line 66, through column 4, line 25). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to value an insurance premium on at least one component, and generate a document including the insurance premium, for the obvious advantage of protecting investors from damage or default catastrophically reducing the value of the at least one component, and profiting from underwriting insurance.

As per claim 101, Peet teaches that the wrap insurance is credit wrap insurance which enhances credit (see paragraph beginning "The credit enhancement cost", and also the preceding paragraph in Peet); therefore papers documenting wrap insurance

are credit enhancing wrap insurance documentation. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to provide credit wrap insurance for the equity interest, the wrap insurance documentation including credit enhancing wrap insurance documentation, for the stated advantage of allowing investors to evaluate the security without concerning themselves with the creditworthiness of the unfamiliar collateral.

As per claims 102 and 103, Roberts discloses carrying out computations for bonds, not consisting of real estate (Abstract; column 3, line 40, through column 4, line 11).

As per claims 104 and 105, Roberts discloses carrying out computations for bonds, not including any real estate (Abstract; column 3, line 40, through column 4, line 11).

As per claims 108 and 109, Roberts does not disclose that the step of controlling is carried out with real estate as the property, but Graff teaches this (see entire article). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the property to be real estate, for the advantages, as stated in Graff, of separating real estate into different components advantageous to persons with different investment objectives and tax situations.

As per claims 110 and 111, Roberts does not disclose that the step of controlling is carried out with the property including real estate, but Graff teaches this (see entire article). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the property to include real estate, for the

advantages, as stated in Graff, of separating real estate into different components advantageous to persons with different investment objectives and tax situations.

As per claims 112-117 and 120-123, Roberts does not disclose a grantor trust as the special purpose entities, but Kurlowicz teaches grantor trusts (see paragraph beginning "The GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the special purpose entity to be a grantor trust, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Claims 124-125

Claims 124 and 125 are rejected under 35 U.S.C. 103(a) as being unpatentable over Roberts (U.S. Patent 4,739,478) in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), Kurlowicz et al. ("New Ground Rules for Trust Freezes") the anonymous article "Report of the House-Senate Conference Agreement on the Tax Reform Bill," Pease (U.S. Patent 5,326,104), and official notice. As per claim 124, Roberts discloses computing to produce output signals to change input representing property to produce output representing components temporally decomposed from the property, including the effect of taxes (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the processor is part of a computer apparatus including an input device for converting input data into input signals for receipt by a computer, and an output device connected to the computer where documents can be generated. However, official notice is taken that it is well known for data processing systems to be computers to be connected to input devices where input

information is entered and converted into signals for receipt by the computer (e.g., keyboards) and output devices where documentation can be produced (e.g., printers). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the apparatus comprise a computer connected to appropriate input and output means, for the obvious advantage of producing the documentation using standard, readily available computer hardware.

Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the components include an estate for years interest and a remainder interest, for the obvious advantage of profiting from the separate sale of these different interests.

Roberts does not disclose that there is a special purpose entity for one component of the estate for years interest and the remainder interest, wherein the special purpose entity is from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity. However, Kurlowicz teaches pass-through entities for United States federal tax purposes (see paragraph beginning, "The GRANT or GRUNT are both tax-favored trust structures."),

and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" teaches entities that are allowed United States federal tax deductions for distribution (see paragraph beginning "Calculation of tax liability."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the entity to be from a group consisting of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, for the obvious advantage of carrying out valuation of a tax in the case of the entity being one of a pass-through entity for United States federal tax purposes and an entity that is allowed a United States federal tax deduction for distributions to holders of equity interests in the entity, with the tax benefits leading people to set up such entities.

Roberts does not expressly disclose producing documentation including the tax, although Roberts does, as noted, disclose calculating tax liability (column 3, lines 40-58). However, Pease teaches the automatic generation of tax documents (Abstract). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to produce a document including the tax at an output device, for the obvious advantage of providing legally necessary documentation to income recipients, the IRS, etc., and of enabling present or potential investors to determine their actual or potential tax liabilities, an important factor in judging whether to participate in a financial arrangement.

As per claim 125, Roberts does not disclose a grantor trust as the special purpose entities, but Kurlowicz teaches grantor trusts (see paragraph beginning "The

GRANT or GRUNT are both tax-favored trust structures."). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the special purpose entity to be a grantor trust, for the obvious advantage of enjoying the tax advantages of grantor trusts.

Allowable Subject Matter

Claims 4, 13, 59, 68, 76, 85, 129, 138, 152, 153, 170, and 171 (which directly or indirectly depend on claim 1) are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims.

Claim 28 (which depends on claim 27) is objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims (on essentially the same grounds).

The following is a statement of reasons for the indication of allowable subject matter: The nearest prior art of record, Roberts, discloses many of the limitations of claim 1, while others are held to be obvious, based, inter alia, on Graff. However, neither Roberts, Graff, nor any other prior art of record teaches having a valuation of a component temporally decomposed from property be a limited liability component. Limited liability as such is well known, and a corporation issuing bonds as per Roberts could well be a limited liability corporation, but that is not sufficient to make it obvious for a component to be a limited liability component. A component temporally decomposed

from property might also be bought by a limited liability corporation or partnership, but that would not make the component, as such, a limited liability component.

Claims 20-25, 145, 184, and 185 are allowed; claim 26 is objected to, but would be allowable on correction of informality to which objection has been made.

The following is an examiner's statement of reasons for allowance: The closest prior art of record, Roberts et al. (U.S. Patent 4,739,478), discloses a processor programmed to value a component temporally decomposed from property (column 3, line 40, through column 4, line 4). Roberts does not expressly disclose that the computer apparatus includes an input device for converting input data into input digital electrical signals representing the input data, and an output device to convert modified digital electrical signals into an illustration including the respective values of the components. However, it is well known for data processing systems to be computers, and for such computers to be electrically connected to input and output devices (e.g., keyboards and display screens). Roberts does not expressly disclose that the components include an estate for years interest and a remainder interest, but Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") teaches temporally decomposing property into a quasi-estate for years interest and remainder interest (pages 50-52). Moreover, Roberts deals with bonds, which can be regarded as having a quasi-estate for years interest (a stream of coupon payments) and quasi-remainder interest (the repayment at maturity). However, neither Roberts, Graff, nor any other prior art of record teaches having a valuation of a component temporally

decomposed from property be a limited liability component. Limited liability as such is well known, and a corporation issuing bonds as per Roberts could well be a limited liability corporation, but that is not sufficient to make it obvious for a component to be a limited liability component. A component temporally decomposed from property might also be bought by a limited liability corporation or partnership, but that would not make the component, as such, a limited liability component.

Any comments considered necessary by applicant must be submitted no later than the payment of the issue fee and, to avoid processing delays, should preferably accompany the issue fee. Such submissions should be clearly labeled "Comments on Statement of Reasons for Allowance."

Claims 73-89 are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims. (Claims 76 and 85 are also found potentially allowable on other grounds; see above.)

The following is a statement of reasons for the indication of allowable subject matter: The nearest prior art of record, Roberts, discloses many of the limitations of claim 1, while others are held to be obvious. The further limitations of claims 2-15 and 18-19 are also held to be obvious over Roberts, Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), and official notice, and other cited art in the cases of claims 2-3, 8-12, and 17-19, as set forth above in the rejections of these claims. However, neither Roberts nor any other prior art of record discloses, teaches,

or reasonably suggests producing market-based valuations for a plurality of components temporally decomposed from tangible personal property as the property, nor could this be easily combined with the teaching of Roberts, since Roberts teaches call yields for a set of zero coupon bonds equivalent to the set of coupons of an old bond, something inapplicable to cars, furniture, or other tangible personal property. Tangible personal property can be leased, and it would be possible to temporally decompose leased tangible personal property into a plurality of components (lease payments), by analogy to what Graff teaches doing for real estate; however, the mere potential of doing this does not make it obvious to do.

Claims 38-43 are allowed.

The following is an examiner's statement of reasons for allowance: The closest prior art of record, Roberts et al. (U.S. Patent 4,739,478), discloses a processor programmed to change input representing property to produce output representing a market-based valuation, including taxation, of one of at least two components temporally decomposed from the property. Other features of claim 38 are held to be obvious in view of Graff, and of general knowledge of computer systems. However, neither Roberts nor any other prior art of record discloses, teaches, or reasonably suggests producing market-based valuations for a plurality of components temporally decomposed from tangible personal property as the property, nor could this be easily combined with the teaching of Roberts, since Roberts teaches call yields for a set of zero coupon bonds equivalent to the set of coupons of an old bond, something

inapplicable to cars, furniture, or other tangible personal property. Tangible personal property can be leased, and it would be possible to temporally decompose leased tangible personal property into a plurality of components (lease payments), by analogy to what Graff teaches doing for real estate; however, the mere potential of doing this does not make it obvious to do.

Any comments considered necessary by applicant must be submitted no later than the payment of the issue fee and, to avoid processing delays, should preferably accompany the issue fee. Such submissions should be clearly labeled "Comments on Statement of Reasons for Allowance."

Claims 106-107 and 118-119 are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims.

The following is a statement of reasons for the indication of allowable subject matter: The closest prior art of record, Roberts (U.S. Patent 4,739,478), discloses some limitations of claim 100, while others are held to be obvious in view of Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), Peet ("Briefing"), which teaches wrap insurance, Kurlowicz et al. ("New Ground Rules for Trust Freezes") the anonymous article "Report of the House-Senate Conference Agreement on the Tax Reform Bill," Luchs et al. (U.S. Patent 4,831,526), and official notice, as set forth above in the rejections of claims 100 and 101. However, neither Roberts nor any other prior art of record discloses, teaches, or reasonably suggests generating wrap insurance for

a plurality of components temporally decomposed from tangible personal property as the property, wherein the components include an estate for years interest and a remainder interest, nor could this be easily combined with the teaching of Roberts, since Roberts teaches call yields for a set of zero coupon bonds equivalent to the set of coupons of an old bond, something inapplicable to cars, furniture, or other tangible personal property. Tangible personal property can be leased, and it would be possible to temporally decompose leased tangible personal property into a plurality of components (lease payments), by analogy to what Graff teaches doing for real estate; however, the mere potential of doing this does not make it obvious to do. Furthermore, while it is well known to insure tangible personal property (e.g., car insurance), this is not the same as wrap insurance, which is underwritten for investments such as bonds, not for tangible personal property.

Claims 126, 146, and 147; claims 127, 148, and 149; claims 128, 150, and 151; claims 129, 152, and 153; claims 130, 154, and 155; claims 131, 156, and 157; claims 132, 158, and 159; claims 133, 160, and 161; and claims 134, 162, and 163; claims 135, 164, and 165; claims 136, 166, and 167; claims 137, 168, and 169; claims 138, 170, and 171; claims 139, 172, and 173; claims 140, 174, and 175; claims 141, 176, and 177; claims 142, 178, and 179; claims 143, 180, and 181; and claims 144, 182, and 183 are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims. (In short, claims 126-144 and 146-183 would be

potentially allowable. Of these, claims 129, 138, 152, 153, 170, and 171 have already been found potentially allowable on other grounds.)

The following is a statement of reasons for the indication of allowable subject matter: The closest prior art of record, Roberts et al. (U.S. Patent 4,739,478), discloses various elements of claim 1, as set forth above; other elements are taught by Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation"), or held to be obvious. A second computer, with second input and output devices, as recited in claim 126 (and in parallel claims), could be met by almost any second computer in communication with the first computer, e.g., over the Internet (and note also Vleck, "Interfacing ES1021 and RPP 16-S Computers"). However, neither Roberts, nor Graff, nor any other prior art of record, teaches a second computer programmed to change second input signals to produce modified signals representing a valuation of an equity interest in one of the components. Even if computers have been used to value equity interests, it is held that that would not ipso facto make a second computer, as recited, with appropriate programming, obvious.

Response to Arguments

Applicant's arguments filed August 11, 2003, have been fully considered but they are not persuasive. Applicant argues at a length which Examiner does not consider himself obliged to imitate, but major points will be addressed. First, Applicant argues that Graff only teaches certain leases in real estate, and not all "property" in general. Applicant refers to MPEP 2144.08, which does teach, "The fact that a claimed

compound may be encompassed by a disclosed generic formula does not by itself render that compound obvious." However, this section of the MPEP has a good deal more to say about tests for obviousness, and assuredly does not say that every species or subgenus not expressly disclosed by the nearest prior art of record is ipso facto non-obvious. Claim 1 merely refers to property, which could be exactly the kind of real estate property taught by Graff, and is therefore rejected. Other issues arise where the claim language is more specific about the property, and in fact Examiner has found claims 38-43, 73-89, 106-107, and 118-119 potentially allowable based on claim language referring to property to which the methods of Graff are not clearly applicable.

Further, Graff's division of property into a quasi-estate for years interest and quasi-remainder interest are held to qualify as a temporal decomposition of property, "quasi-estate for years interest" being a description of Graff's teaching, rather than, as alleged by Applicant, nothing more than hindsight imagination. Examiner, contrary to Applicant's assertion, does not mention that his notion of "quasi-estate for years interest" and "quasi-remainder interest" schedule simultaneous payments to investors in the case of bonds; instead, payments are made at different time (excepting, perhaps, a final interest payment at the maturity of the bonds).

In answer to Applicant's argument that Roberts does not teach temporal decomposition of property, Examiner's contention was not that Roberts teaches *performing* a temporal decomposition of property, but that Roberts "discloses a data processing system programmed to change input representing property to produce output representing separate market-based valuations of each of a plurality of

components temporally decomposed from the property," to quote from the rejection of claim 1. In Roberts's Summary of Invention, what is taught is performing valuations of components temporally decomposed from the property, the components being the different coupons and/or other payments which will come due according to the terms of an existing bond issue. As to Applicant's contention that Roberts does not disclose the claimed property, because the subject of Roberts is limited to bonds, Examiner replies that bonds are a species of property.

In response to Applicant's challenge of Examiner's taking of official notice, Examiner has provided prior art to support all assertions of obviousness based on official notice made in the Office action mailed March 17, 2003.

In response to Applicant's assertion of a lack of proper reason to combine Roberts and Graff to reach the claimed invention, Examiner supplied a motivation in the rejection of claim 1, "for the obvious advantage of profiting from the separate sale of these different interests." Contrary to Applicant's arguments, this is not mere hindsight reasoning on the part of Examiner, since Graff ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") teaches, "that in some situations investors would do better to finance their leases by structuring property ownership so that leases are separated from residual occupancy rights" (page 52, first column). Similarly with Applicant's argument that the combination of Roberts and Graff is contradicted by the references themselves, since Roberts is concerned with restructuring debt obligations, while Graff is concerned with real estate leases. Graff teaches making an analogy, writing, "the landlord holds a tenant debt instrument similar in structure to a corporate

bond" (page 51, first column). Applicant argues that liabilities are not assets, but one party's liabilities very often are another party's assets; Applicant argues that real estate cannot have a stated coupon rate of interest, but real estate can have a selling price and a lease providing for fixed rental payments, from which a rate of interest can be calculated, and indeed Graff teaches calculating an appropriate discount rate (page 51).

Applicant argues that the invention must be considered as a whole, and not merely as parts or snippets contended to be shown in the cited art in different contexts. In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

Applicant argues that individuals of ordinary skill, given a copy of Roberts and a copy of Graff, would have no idea of how to form a separate market-based valuation, including taxation, of each of a plurality of components temporally decomposed from the property. Examiner responds that Roberts discloses in some detail how to form a market-based valuation of a component temporally decomposed from property.

Next, beginning on page 52 of the Amendment and Response, Applicant deals with claim 4. Applicant argues that it is insufficient to take official notice that limited liability is well known, because the claim language makes it clear that the limited liability relates to a particular equity interest in the property, which has allegedly not been shown. Examiner replies that neither claim 1 nor claim 4 specifies an equity interest. Beyond that, Applicant states that it is well known that a debtor does not have an equity

interest in its debt (Examiner wonders whether Applicant meant to write that a creditor [e.g., bondholder] does not have an equity interest in the debtor). Since "equity interest" is not in the claim, that is irrelevant. However, claim 4 has been found allowable based on Applicant's Response concerning claim 13, which recites similar language. The arguments, and the file wrapper estoppel, regarding the meaning of "limited liability component" are considered applicable to claim 4 as well as claim 13.

Similarly with regard to claim 5 (pages 53 and 54 of the Amendment and Response), Applicant argues that the entity for at least one of the components must be related to at least one of the components. However, Applicant does not specify the relationship, and "entity for" can be read broadly, as it does not specify how the entity relates to the component. If Applicant wishes to introduce limitations concerning the relationship between the entity and the at least one of the components in the hope of making the claim patentable, it is necessary to do explicitly.

With regard to claim 6, Applicant (in addition to repeating previous arguments) argues that it is insufficient to assert, or presumably even to document, that special purpose entities are well known; there must be adequate reason to combine (pages 54-55 of the Amendment and Response). Examiner replies that motivation was provided, "for the obvious advantage of carrying out temporal decomposition in the case of an entity being a special purpose entity, a common type of entity." This could well be inadequate if the claimed computer apparatus had to perform different, non-obvious operations, but it does not. Claim 6 only recites that the entity is a special purpose entity, which does not affect the physical computer apparatus or the processing it

performs, any more than would be the case if the entity happened to be a corporation registered in the state of Delaware, an even more common type of entity.

What is said regarding claim 6 also applies to claim 7 (pages 55-56 of the Amendment and Response), which recites that the entity is from a group consisting of a trust and a limited partnership. If the apparatus were required to do something different and non-obvious in response to the entity being one of a trust or a limited partnership, the case would be different, but it is not. As to Applicant's statement that the Examiner is required to explain how these purported tax advantages are created, Examiner denies it, since Examiner is not an accountant advising his clients on advantageous financial vehicles. Examiner does not allege that there are special advantages attached to trusts and limited partnerships participating in components temporally decomposed from property according to Applicant's invention, but only that there are advantages to trusts and limited partnerships in general, and therefore that trusts and limited partnerships exist and do business, and therefore could well be involved as "entities for" the components of property recited in Applicant's claims (which could be as landlords, tenants, bond issuers, bondholders, etc., neither the nature of the property nor the relation of the entity to property being specified in the claims).

Regarding claim 14, Applicant argues on pages 57-58 that Roberts does not disclose an "entity for," and asserts that the components are limited liability components. Examiner replies that Roberts can be read as disclosing entities for the components, the relation of an "entity for" a component to the component not being well defined by Applicant; and that claim 14 does not recite that the components are limited

liability components, but only that at least one equity interest in the second entity is a limited liability interest, a rather different point. Applicant is not the inventor of limited liability interests. Applicant also argues that Examiner has not shown that the cited art is sufficient to teach how to actually do the claimed valuation such that it could have been obvious at the time the invention was made. Examiner replies that the instant application is not entirely clear about how to actually do the claimed valuation, but Applicant has not protested Examiner's failure to make a rejection under 35 U.S.C. 112, first paragraph. If Applicant's specification is to be accepted as making it obvious how to actually do the claimed valuation, one should not demand too much of the cited prior art.

Regarding claim 15, Applicant makes as argument on pages 58-59 about special purpose entities; Examiner reiterates the points made above regarding claim 6.

Regarding claim 16, Applicant argues on pages 59-60 regarding "entity for," challenges Examiner's taking of Official Notice, and argues again that the cited prior art is insufficient to teach how to actually do the claimed valuation. Examiner replies that he has supplied prior art in response to Applicant's challenge, and reiterates the arguments previously set forth.

Regarding claim 2, Applicant (on pages 61-65) repeats earlier arguments, and then asserts that Kurlowicz and "Report of the House-Senate Conference Agreement on the Tax Reform Bill" pertain to estate planning – which, according to Applicant, is taught in law schools rather than ordinary MBA programs in finance -- and are therefore nonanalogous art. Examiner notes that the Kurlowicz article is from *American Banker*,

rather than a law review, indicating that the editors and presumably the readers of *American Banker* hold a broader view than does Applicant of what falls within the art of finance. As to Applicant's argument that, since corporations and municipalities do not share the finite life characteristic of individuals, the estate tax savings technique disclosed in Kurlowicz cannot be assumed to useful in corporate or municipal finance, Examiner replies that he never asserted that corporations or municipalities would find it advantageous to use those estate planning techniques. Kurlowicz was instead relied upon to show that pass-through entities are well known, and would therefore likely be involved in buying or selling components temporally decomposed from property. As to Applicant's argument that Roberts and Kurlowicz are mutually inapplicable because Kurlowicz teaches lenders while Roberts teaches borrowers, that would be more persuasive if borrowers and lenders had nothing to do with each other, but for every borrower, there must be a corresponding lender, and vice versa. Applicant argues that neither borrower nor lender has an incentive to restructure for the benefit of the other, but Examiner did not assert that one would restructure for the benefit of the other, and in any case, debts often are restructured (e.g., refinancing of mortgages, calling of corporate bonds, etc.). Applicant's other arguments essentially repeat what Applicant has already argued in regard to other claims, and Examiner reiterates his counterarguments.

Regarding claim 3, Applicant's arguments (pages 65-66) are essentially the same as earlier arguments.

Regarding claim 11, Applicant incorporates by reference the foregoing sections (pages 66-67); by the same principle, Examiner incorporates by reference his previous replies.

Regarding claim 12, Applicant argues that it is not obvious for the entities to be special purpose entities (pages 67-68), and demands better reason to combine. Examiner reiterates his earlier replies, and asserts that it is not necessary to find support in the prior art for special purpose entities to be involved in the particular financial operations of Applicant's invention; if those financial operations are obvious, they do not become non-obvious when special purpose entities are involved. If the operation of the computer apparatus or the temporal decomposition of property became substantially different in non-obvious fashion when the entities happened to be special purpose entities, that would be a cogent argument for patentability.

Regarding claims 9 and 10, Applicant incorporates the foregoing sections of his arguments by reference (pages 68-69 and 69-70), and repeats arguments essentially the same as those made with regard to other claims. Examiner incorporates his previous replies by reference, and finds nothing new or persuasive in Applicant's arguments.

Regarding claim 8, Applicant incorporates the foregoing sections of his arguments by reference (pages 70-71), and repeats arguments essentially the same as those made with regard to other claims. Examiner incorporates his previous replies by reference, and finds nothing new or persuasive in Applicant's arguments.

Regarding claim 17, Applicant incorporates the foregoing sections of his arguments by reference (pages 71-72), and repeats arguments essentially the same as those made with regard to other claims. Examiner incorporates his previous replies by reference, and finds nothing new or persuasive in Applicant's arguments.

Regarding claims 18 and 19, Applicant incorporates the foregoing sections of his arguments by reference (pages 72-73), and repeats arguments essentially the same as those made with regard to other claims. Examiner incorporates his previous replies by reference, and finds nothing new or persuasive in Applicant's arguments.

Regarding claims 56-72, Applicant argues (pages 73-74) that it is non-obvious to combine Roberts and Graff, arguing that liabilities are not assets, and that real estate cannot have a stated coupon rate of interest. Examiner replies that essentially the same arguments were made in regard to claim 1, and Examiner reasserts his replies, as set forth above.

Regarding claims 27-30 and 33, Applicant repeats previous arguments (page 80), and incorporates foregoing sections by reference; in response, Examiner incorporates his previous replies by reference. Applicant challenges Examiner's taking of official notice; Examiner has supplied references in response to applicant's challenges. Applicant further argues that "fractional interests in corporations and non-incorporated partnerships" does not disclose "a fractional interest in a component temporally decomposed from property," and alleges that in any case the PTO has not provided any reason to combine. Examiner replies that reason to combine was in fact provided: "for the obvious advantage of pricing and trading interests smaller and more

conveniently purchasable than the whole value of the estate for years interest or remainder interest in a temporally decomposed property."

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988), and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, the pricing and trading of fractional interests is well known and widespread, and thus within the knowledge generally available to one of ordinary skill in the art of finance. It is true that the existence of fractional interests does not disclose a fractional interest in a component temporally decomposed from property, but Examiner did not assert that it did. It is not necessary for any one reference to teach all claimed limitations, or else 35 U.S.C. 103 would be essentially repealed, and art rejections could be made only in cases of anticipation under 35 U.S.C. 102.

Claim 28 is found allowable, although not exactly on the basis of the arguments presented by Applicant on page 81.

Regarding claim 29, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 81-82). Examiner does the same in reply.

Regarding claim 30, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 82-83). Examiner does the same in reply.

Regarding claim 33, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 83-84). Examiner does the same in reply.

Regarding claims 31 and 32, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (page 84). Examiner does the same in reply.

Regarding claim 32 is particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 84-85). Examiner does the same in reply.

Regarding claim 34, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 85-86). Examiner does the same in reply.

Next, Applicant argues for the patentability of claims 35-37, presenting essentially the same arguments that have been presented previously with regard to other claims, and incorporating foregoing sections by reference (pages 86-87). Examiner reiterates his previous counterarguments, and points out that prior art has been made of record in response to Applicant's challenges to official notice.

Regarding claim 36 in particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 87-88). Examiner does the same in reply.

Regarding claim 37 in particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (page 89). Examiner does the same in reply, and also reasserts that Graff does teach components temporally decomposed from real estate.

Next, Applicant traverses the rejections of claims 44-46 (pages 89-91), largely repeating arguments that have been made before, and incorporating by reference earlier sections of Applicant's response, as well as requesting support for Examiner's taking of official notice. In response, Examiner reiterates his previous arguments, and notes that documents have been supplied in response to Applicant's challenges of official notice. Applicant further requires clarification regarding the meaning of "tax-exempt security," and includes a quote from Fabossi's "Handbook of Fixed-Income" which shows that Applicant and Examiner actually appear to be in agreement. Literally, "tax-exempt security" could mean a security exempt from any tax, whether a U.S. Treasury bond exempt from state and local taxes, or a state or local bond exempt from federal income tax. Examiner reserves the right to use either meaning in claim interpretation, since claim language is properly given the broadest reasonable interpretation in examining. Conventionally and typically, however, as Fabossi writes, "tax-exempt security" refers to a security exempt from federal income tax.

In traversing the rejection of claim 45 in particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 91-92). Examiner does the same in reply.

In traversing the rejection of claim 46 in particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (page 92). Examiner does the same in reply.

Next, Applicant traverses the rejections of claims 47-49 (pages 92-94), largely repeating arguments that have been made before, and incorporating by reference

earlier sections of Applicant's response (with "term interest" substituted for "estate for years interest" and "estate for years" alone), as well as requesting support for Examiner's taking of official notice. In response, Examiner reiterates his previous arguments, and notes that documents have been supplied in response to Applicant's challenges of official notice.

In traversing the rejection of claim 48 in particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 94-95). Examiner does the same in reply.

In traversing the rejection of claim 49 in particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (page 95). Examiner does the same in reply. (Be it noted that claims 48 and 49 are closely parallel to claims 45 and 46 respectively.)

Next, Applicant traverses the rejections of claims 50-55 (pages 95-96), largely repeating earlier arguments, and incorporating by reference previous sections. Examiner reiterates his previous arguments in response. Applicant also asserts that the Examiner is incorrect in concluding that it would have been obvious to one of ordinary skill in the art of finance to apply the method of Roberts to property not including any securities, based on the alleged impropriety of combining Roberts with Graff. Examiner replies that there is proper motivation to combine Graff with Roberts, and that this combination does not destroy the purposes of the two teachings. Examiner's justification for this position is that Graff draws a parallel between certain interests in

real estate and streams of bond payments, such as those in Roberts, and teaches a way of treating interests in real estate as quasi-bonds.

In traversing the rejection of claim 51 in particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (pages 96-97). Examiner does the same in reply.

In traversing the rejection of claim 52 in particular, Applicant reiterates previous arguments, and incorporates foregoing sections by reference (page 97). Examiner does the same in reply.

In traversing the rejection of claim 53, Applicant incorporates the foregoing sections by reference (pages 97-98); Examiner likewise incorporates his previous replies. Applicant also disputes Examiner's use of the Merriam-Webster dictionary to find the claim obvious. Applicant asserts that the only reason for this combination is hindsight, but not only is Examiner not using impermissible hindsight reasoning to make a combination, Examiner is not even making a combination in the usual sense. Claim 53 does not so much recite a new feature to be added to the limitations of claim 50, as a feature inherently present. Applicant argues that Examiner has not shown that title is inherent to ownership, and suggests comparing "market title" with "equitable title" with "title of record". Examiner replies that these complications regarding the meaning of "title" do not negate his argument, as Examiner did not assert that any of these particular types of title is inherent, nor does claim 53 recite any of these particular types of title. To answer Examiner on this point, Applicant would need to find an example of ownership without "title" in any sense. Applicant further argues that Examiner has

shown no prior art teaching of the claimed second title. Examiner replies that it is not necessary to show explicitly such a specific, or, as has been previously pointed out, 35 U.S.C. 103 would be essentially abolished. First and second titles are held to be inherent to first and second properties.

In traversing the rejection of claims 54 and 55, Applicant argues that all of Examiner's contentions regarding claims 51 and 52 are incorrect, wherefore claims 54 and 55, like 51 and 52, are allowable (page 99). One point on which Applicant and Examiner agree is that claims 54 and 55 are closely parallel to claims 51 and 52, respectively, but Applicant and Examiner draw opposite conclusions, Examiner's being that claims 54 and 55 are as rejectable as claims 51 and 52.

Next, Applicant traverses Examiner's rejection of claims 90 and 95 (pages 99-100). In addition to incorporating by reference foregoing sections of Applicant's response, which are found no more persuasive with regard to claim 90 than they were when applied to other claims, Applicant makes a new argument, that Pease's "Secure Automated Electronic Casino Gaming System" is nonanalogous art, which cannot properly be combined with Roberts. In response to Applicant's argument that Pease is nonanalogous art, it has been held that a prior art reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the applicant was concerned, in order to be relied upon as a basis for rejection of the claimed invention. See *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443 (Fed. Cir. 1992). In this case, Pease is not in the field of Applicant's endeavor, but is reasonably pertinent to the particular problem with which Applicant was concerned. It is

to be noted that while Roberts does not disclose generating documentation including the tax, Roberts does, as set forth in the rejection of claim 90, disclose calculating tax liability. It can scarcely be believed that no one prior to Applicant's invention thought to print documentation including a tax, except in the context of a casino gaming system (Examiner has on many occasions received receipts including sales tax, dating back to before Applicant's priority date).

In traversing Examiner's rejection of claim 95 (pages 100-101), Applicant merely repeats arguments made before, and incorporates by reference foregoing sections of his Response. In reply, Examiner reiterates the counterarguments which he has previously set forth.

Next, Applicant traverses Examiner's rejections of claims 91 and 96 (pages 101-102). In addition to incorporating by reference foregoing sections of Applicant's response, which are found no more persuasive with regard to claim 91 than they were when applied to other claims, Applicant argues that the combination of Luchs (U.S. Patent 4,831,526) with Roberts is unjustified, on the ground that Luchs teaches property/casualty insurance for the personal property of individuals, not insuring a component temporally decomposed from property. Examiner replies that Luchs was not relied upon for insuring components temporally decomposed from property, but for insuring property, valuation of an insurance premium, and producing a document including the insurance premium. Luchs teaches applying to various sorts of insurance, and nowhere, except in dependent claims depending from Luchs's much broader independent claim 1, limits the insurance to property/casualty insurance. Luchs does

not anticipate Applicant's claim 91, but Examiner never contended that Luchs did. Instead, Examiner took and maintains the position that given the temporal decomposition of property into components (found obvious based on Roberts and Graff), it would have been obvious to value an insurance premium on at least one component, and produce documentation, for the obvious advantage[s] of protecting investors from damage or default catastrophically reducing the value of the at least one component, and profiting from underwriting insurance. In response to Applicant's argument that Luchs is nonanalogous art, it has been held that a prior art reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the applicant was concerned, in order to be relied upon as a basis for rejection of the claimed invention. See *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443 (Fed. Cir. 1992). In this case, Luchs is at least arguably within Applicant's field of endeavor, and surely pertinent to the particular problem with which applicant is concerned. As to the first, Luchs is within the field of insurance, which is part of the broader field of finance, and interconnected in various ways. As to the second, Luchs is very definitely pertinent to valuing insurance premiums and generating corresponding documentation.

Applicant complains that the Office Action provides no reason from the analogous prior art for combining Roberts and Luchs, but there is no general requirement that a reason for combining references be provided from the analogous art. The requirement is that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some

teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988), and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, forming valuations of insurance premiums, and generating appropriate documentation would have been generally known to one of ordinary skill in the art, for the very well known motives of obtaining protection against catastrophic loss, and profiting from underwriting insurance. Even persons not especially skilled in the art of finance are generally aware of the motivations for buying insurance.

In traversing the rejection of claim 96 (pages 102-103), Applicant merely repeats arguments made before, and incorporates by reference foregoing sections of his Response. In reply, Examiner reiterates the counterarguments which he has previously set forth.

Next, in traversing claims 92, 93, 97, and 98, Applicant repeats arguments made before, and incorporates by reference foregoing sections of his Response to Office Action (pages 103-105). Examiner reiterates and incorporates his previous replies to Applicant's arguments. Applicant also traverses the contention that Peet discloses that providing wrap insurance is well known. Applicant argues that Peet teaches wrap insurance for second mortgage-backed securities, and does not teach wrap insurance for any other species of property, such as components temporally decomposed from property. Again, Applicant is trying to narrow 103 to the point that it would be scarcely possible to reject any claim not anticipated under 102. There is in fact a strong analogy

between second mortgage-backed securities and temporally decomposed components of property, especially the component consisting of a stream of lease or similar payments. In each case an investor may expect to receive a stream of payments, but has occasion to worry about default. Therefore the solution taught by Peet (and by other documents made of record), an insurance wrap which "allows investors the luxury of evaluating the security on the basis of the creditworthiness of the insurer and the cash flow characteristics of the SMBS, not on the creditworthiness of the unfamiliar collateral" is relevant to Applicant's claims, in the field of Applicant's endeavor, and reasonably pertinent to the particular problem with which the Applicant was concerned, making Peet an entirely valid reference.

What Applicant argued regarding claims 92, 93, 97, and 98 is repeated in regard to claim 93 in particular (pages 105-106), and, not having been found persuasive before, is not found persuasive with respect to claim 93.

Likewise, on page 106, Applicant argues for the allowability of claims 97 and 98, repeating earlier arguments and incorporating foregoing sections of Applicant's Response by reference. Examiner reiterates his previous counterarguments.

Applicant then argues for the patentability of claims 94 and 99 (on page 107), repeating earlier arguments and incorporating foregoing sections of Applicant's Response by reference. Examiner reiterates his previous counterarguments.

Applicant then argues for the allowability of claim 99 (pages 107 and 108), repeating earlier arguments and incorporating foregoing sections of Applicant's Response by reference. Examiner reiterates his previous counterarguments.

Next, Applicant turns to claims 100-105, 109-117, and 120-123, repeating arguments made in regard to other claims, incorporating foregoing sections of Applicant's Response by reference, and challenging Examiner's taking of official notice (pages 108-109), to which Examiner replies by noting that art has been supplied by in response to Applicant's challenges of official notice, by reiterating his previous counterarguments, and by incorporating previous sections of his Response to Arguments by reference. Applicant additionally traverses the contention that Graff teaches applying financial analysis to real estate, writing "While applicant [Graff being the Applicant] is flattered that Graff teaches this topic in 9 pages, given the wide range of types of property and correspondingly suitable analyses and their permutations, Applicant acknowledges that the extent of the Examiner's belief is unrealistic, and hence incorrect." While Examiner believes Graff's paper ("The Impact of Tax Issues on Real Estate Debt and Equity Separation") to be a useful reference (which, unfortunately for Applicant, predates Applicant's priority filing data by more than a year), Applicant need not feel too flattered, for Examiner does not believe, and surely did not state in his rejections, that Graff teaches everything there is to know about the financial analysis of real estate. Examiner does maintain that Graff teaches applying financial analysis to real estate related assets, and therefore, that the mention of real estate in a claim is insufficient to make that claim nonobvious. Applicant argues from Examiner's allowance of claims reciting "tangible personal property" that claims reciting "real estate" should also be allowed, as another species of the genus "property not including any securities," on the theory that teaching one species of a genus does not disclose

teaching the genus, and every other possible species within that genus. Examiner replies that teaching one species does not teach every other species within a genus (or else Examiner would not have allowed any claims based on the recitation of "tangible personal property"), but maintains that a teaching of one species does bar a generic claim. For example, Edison was able to patent his improved light bulb, but would not have been able to patent "means for illumination, not including the Sun," since prior art teachings of candles and gaslights were already available.

In traversing the rejection of claim 101, Applicant repeats previous arguments, and incorporates by reference foregoing sections of his Response (page 110). In reply, Examiner reasserts his previous counterarguments, and incorporates previous sections of his Response to Arguments by reference.

In traversing the rejection of claims 102 and 103, Applicant repeats previous arguments, and incorporates by reference foregoing sections of his Response (pages 110 and 111). In reply, Examiner reasserts his previous counterarguments, and incorporates previous sections of his Response to Arguments by reference. Applicant further complains that the Office Action's limitation, "bonds, not consisting of real estate," is a tautology. Examiner replies that he was not attempting to distinguish "bonds, not consisting of real estate" from "bonds which do consist of real estate," but to point out that Roberts teaches the use of bonds, which do not consist of real estate. As Roberts is the primary reference, the limitation "property not consisting of real estate" cannot make claims 102 and 103 allowable.

In traversing the rejection of claims 104 and 105, Applicant repeats previous arguments, and incorporates by reference foregoing sections of his Response (pages 111 and 112). In reply, Examiner reasserts his previous counterarguments, and incorporates previous sections of his Response to Arguments by reference. In particular, Applicant's arguments regarding species and genus have been answered three paragraphs previously.

In traversing the rejection of claims 108 and 109, Applicant repeats previous arguments, and incorporates by reference foregoing sections of his Response (pages 112 and 113). In reply, Examiner reasserts his previous counterarguments, and incorporates previous sections of his Response to Arguments by reference.

In traversing the rejection of claims 110 and 111, Applicant repeats previous arguments, and incorporates by reference foregoing sections of his Response (pages 113 and 114). In reply, Examiner reasserts his previous counterarguments, and incorporates previous sections of his Response to Arguments by reference. In particular, Applicant's arguments regarding species and genus have been answered five paragraphs previously.

In traversing the rejection of claims 112-117 and 120-123, Applicant repeats previous arguments, and incorporates by reference foregoing sections of his Response (page 114). In reply, Examiner reasserts his previous counterarguments, and incorporates previous sections of his Response to Arguments by reference.

On pages 115 through 119, Applicant acknowledges Examiner's statements of allowance and of allowable subject matter, but dissents from the reasons given, finding

the Examiner's ideas of what is allowable unsatisfyingly narrow. Examiner acknowledges Applicant's disagreements, but, as set forth above at some length, is not persuaded to allow all of Applicant's claims, nor to interpret the prior art as narrowly as Applicant desires.

Finally, on pages 120 and 121, Applicant deprecates the prior art not relied upon made of record by Examiner, and repeatedly states Applicant does not concede that [reference] is prior art. Examiner replies that any U.S. patent document with a filing date preceding Applicant's priority date, and any other document with a publication date preceding Applicant's priority date, is presumed to be prior art. If Applicant wishes to enjoy the benefit of an earlier date, the burden is on Applicant to submit a proper Affidavit affirming the actual date of the invention, and diligent effort to reduce the invention to practice and file a patent application.

Applicant also alleges that a copy of Barry did not accompany the prior Office Action. Examiner regrets any lapse at the Patent Office which may have resulted in Applicant failing to receive that document, and is including Barry (United Kingdom Patent Application GB 2251100-A) with the present Office Action, in the hope that Applicant will receive it.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Griffin et al. (U.S. Patent 5,161,102) disclose a computer

interface for the configuration of a computer system and circuit boards. Romberg (U.S. Patent 5,166,669) discloses key arrangements and methods of use.

Barry (United Kingdom Patent Application GB 2251100-A) discloses a data processing system (this application is made of record again in response to Applicant's claim that a copy was not received).

The anonymous article, "Research on an Optical-Digital Computer That Would Use Light Beams and Optical Pathways to Replace Electrical Signals and Wires Is Being Performed by S.A. Collins Jr, Prof of Electrical Engineering at Ohio State U.," discloses the use of electrical signals in computers, and the potential for moving to optical signals. Vleck ("Interfacing ES1021 and RPP 16-S Computers" [English language abstract only]) discloses the output of one computer being the input of a second computer. Black's Law Dictionary, Abridged Fifth Edition, by Black et al., pages 215-216, 478, 773, and 782-788, discloses definitions of various terms. Mims ("Analog Computer Techniques for Digital Computers") discloses, inter alia, that digital computer circuits process electrical signals. Walters ("California Tax Board Decides not to Appeal to Supreme Court on Taxing Dividends") discloses that Treasury securities are often exempt from state taxes. Fraust ("SEC Plan Could Negate Receivable Sellers: Threat of Accounting Rules Scares off Securities Issuers") discloses special-purpose entities set up by banks and financial companies. Ware ("Advanced Underwriting Techniques: Incorporation of the Family Business" [Abstract only]), discloses limited liability for partnerships and corporations. Epstein ("Measuring the Security of Asset-backed Securities") discloses use of a special-purpose entity. Bavaria ("Manny Hanny Places

'AA' Saab Paper with Bank Group") teaches selling fractional interests. The anonymous article, "Treatment on Servicing Sales Depends on Circumstances," discloses the use of special purpose entities. Sharp ("Advising Clients on Municipal Bonds") discloses that municipal bonds are in many cases exempt from federal income tax. Moore ("New Developments Keep Estate Planners on Their Toes") discloses a court ruling concerning fractional interests in real property.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Nicholas D. Rosen, whose telephone number is 703-305-0753. The examiner can normally be reached on 8:30 AM - 5:00 PM, M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins, can be reached on 703-308-1344. (Wynn Coggins is currently assigned elsewhere; the acting supervisor, Jeffrey Smith, can be reached at 703-308-3588.) The fax phone number for the organization where this application or proceeding is assigned is (703) 872-9306. Non-official/draft communications can be faxed to the examiner at 703-746-5574.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

Nicholas D. Rosen
NICHOLAS D. ROSEN
PRIMARY EXAMINER

November 12, 2003